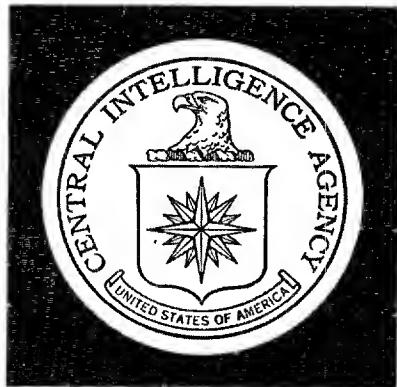


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Central Intelligence Bulletin

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No. 0273/68
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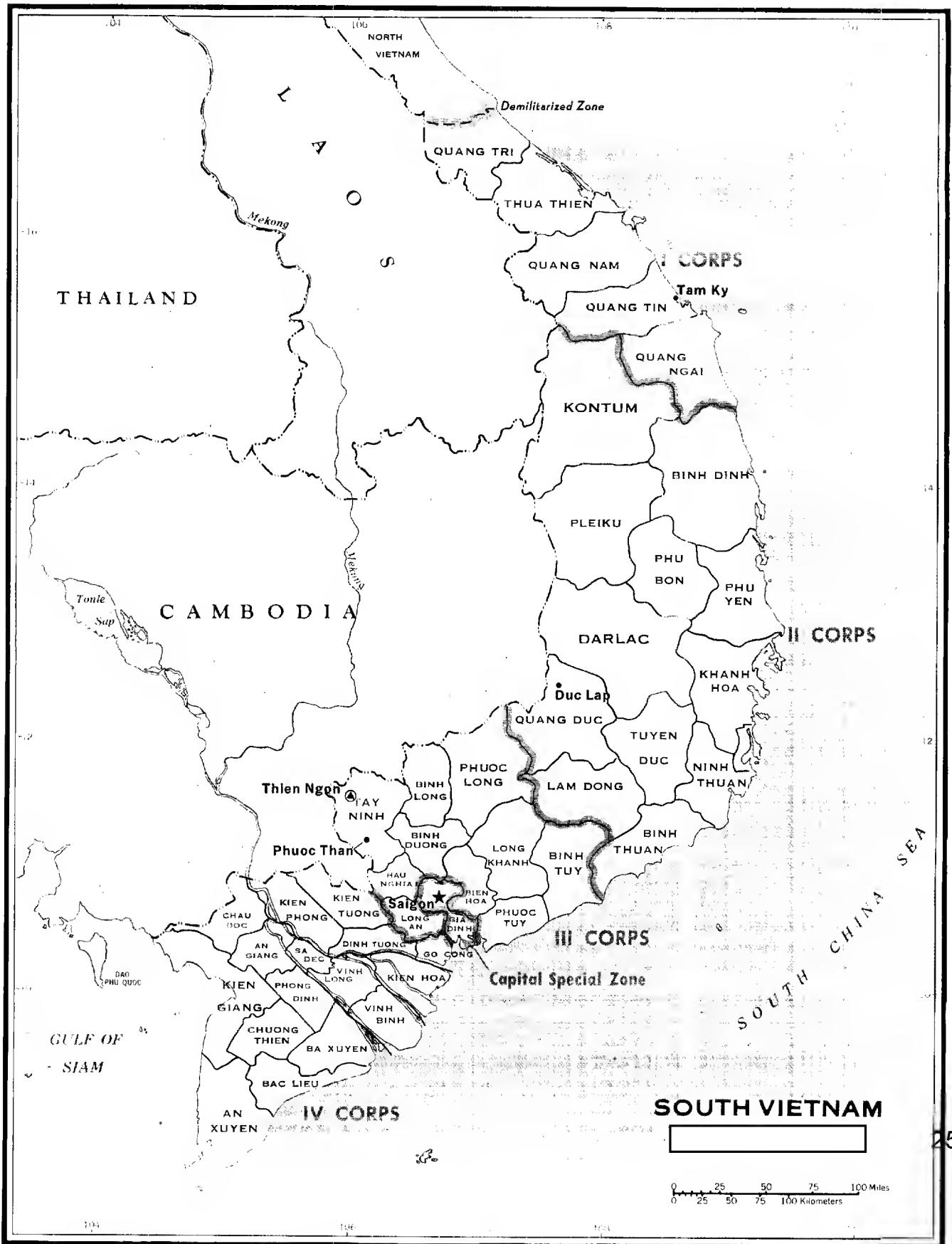
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[South Vietnam: Communist forces on 26 September again took heavy casualties in unsuccessful attacks on allied positions.

The Thien Ngon Special Forces camp in Tay Ninh Province near the Cambodian border was the target of a series of battalion-size assaults accompanied by rocket and mortar shellings. At least 82 enemy bodies were counted in an allied sweep of the camp's perimeter.

Another Communist battalion was driven off after an attempt to overrun a South Vietnamese outpost at Phuoc Than some nine miles southwest of the provincial capital of Tay Ninh on 26-27 September. The defenders killed 146 of the attackers who left 62 weapons behind on the battlefield.

In other actions, US forces hit enemy mortar positions west of Tam Ky on 26 September, killing 76 Communists, and a significant clash occurred in the Duc Lap area when elements of the North Vietnamese 1st Division attacked a US reconnaissance patrol on 27 September.

* * * *

Prime Minister Huong has relieved his younger brother, Lam Van Gioi, of his post as Huong's special assistant following public accusations that Gioi was involved in stealing cars. Huong undoubtedly hopes by this action to forestall criticism from his political enemies and to maintain his image as a foe of corruption.

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Czechoslovakia-USSR: Marshal Yakubovsky, chief of the Warsaw Pact forces, visited Prague and Bucharest yesterday, on the last stops of a series of separate consultations with the political and military leaders of the Warsaw Pact.

His discussions in Prague may have included terms for withdrawal of a portion of the occupying forces, and possibly the outline of a status-of-forces agreement pertaining to the troops which would be stationed indefinitely in the country.

Yakubovsky probably reviewed the current status of Warsaw Pact forces at every stop, including Romania and Czechoslovakia. The news media of the countries he visited indicated that his purpose was to discuss strengthening of pact defenses.

The Czechoslovak Defense Ministry announced on 26 September that henceforth there will be two call-ups of draftees--in October and in April--rather than one each fall. The ministry said that this would permit a more gradual outflow of manpower from industry. The smaller call-up this fall will leave some barracks empty and available for use by those Soviet troops which are expected to remain in the country. According to Western news correspondents, the Soviets already have ordered the evacuation of the Milovice barracks northeast of Prague and are moving into hotels and apartments in the larger cities.

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Communist China: Peking's recent attempts to establish new provincial political and administrative machinery appear to have run into serious difficulty in some areas where local factional differences were only papered over.

Considerable problems have arisen, for example, in forming new revolutionary committees for lower level units in Yunnan. According to an editorial on 19 September, "some units" have arbitrarily set up "sham revolutionary committees." Kunming radio on 24 September complained in even stronger language that unnamed but obviously powerful persons were scheming to set up a rival provincial committee.

In describing the contest for power within the lower level units, the recent broadcasts said that bogus groups "openly fight for power and arbitrarily take charge of buildings, production materials and equipment, and other public property." This scramble is one of a number of indications that the head of Yunnan's military-dominated government, Tan Fu-jen, is having great difficulty consolidating his authority. Provincial radiobroadcasts complain that transmittal of his instructions to lower level units is often blocked. Moreover, his opponents often hold "so-called political and professional work conferences" at which they issue instructions without Tan's knowledge or approval, and some basic level units allegedly send him false reports on their activities or, in some cases, no reports at all.

Some of the confusion in Yunnan may stem from infighting between the supporters of two ranking vice chairmen who were in opposition before the provincial government was formed on 13 August and who may be still jockeying for power. Furthermore, at least one high-ranking military officer has been implicated in sporadic but serious incidents of fighting which broke out in Kunming in late August and early September.

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Yunnan is the first province to complain about the formation of bogus revolutionary committees, but it is likely that similar problems have been plaguing the new governments in other areas where civilian and military officials maintain an uneasy alliance. Unresolved political problems have kept many parts of western China turbulent in the past month. 25X1

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Uruguay: Student and labor disorders in Montevideo have further eroded President Pacheco's prestige with Congress and his own political party.

Despite the fact that Uruguay is going through one of the most crisis-ridden periods in its recent history, the legislators feel no urgent need to act on vital legislation. Many have allowed narrow partisan motives to come into play in a recent attempt to censure the interior minister for his "brutal" handling of student riots. Important factions within the opposition political party are still supporting some aspects of the President's program, however, and his fight with Congress is not yet lost.

Pacheco's disposition to rule solely by decree will increase if the congressional obstructionism continues. The President is confident that he can control the situation and that he has the complete support of the security forces. [redacted]

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Spain: Madrid is dragging its feet on extending the joint defense agreement with the US in an effort to gain a higher price for continuing the four joint military bases in Spain.

Foreign Minister Castiella has formally invoked article V of the 1953 defense agreement with the US, which was up for renewal on 26 September. This article calls for a six-months' consultation period and provides that if no agreement is reached during that time--by 26 March 1969--the agreement will terminate one year later.

The Spaniards appear convinced that the Soviet presence in the Mediterranean, the crisis in Czechoslovakia, and the earlier French ouster of the US from bases in France have made the four bases more valuable to the US. They also contend that the presence of the bases increases the risk to Spain in a possible Soviet confrontation with the West. They may believe extension of the negotiating period will bring more favorable consideration of these points by a new US administration.

If the Spaniards do not get a better price than the present US offer, the possibility of termination of the agreement cannot be ruled out.

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Burma: The reported assassination of the chairman of the White Flag Communists, Burma's largest insurgent group, will be a serious loss to a leadership already decimated by internal strife.

The Rangoon government claims that Thakin Than Tun was shot by one of his own men on 24 September, although the body has not been found. Five of eight White Flag politburo members have died in the past 18 months, most of them as a result of factional conflict. Although the remaining three have been politburo members for years, nothing is known of their recent role or their leadership potential.

White Flag military activity has declined in the party's traditional area of operations in south Burma, where the leadership deaths have occurred. The party's largest contingent is now a mixed ethnic group that operates in northeast Burma near the China border.

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India: New Delhi's forceful efforts to stave off last week's strike by civil servants is still producing political fallout.

A major controversy has grown over the sending of central reserve police into Kerala, without the prior consent of the state government. This was done to protect central government facilities after Communist Chief Minister Namboodiripad openly espoused the illegal strike and refused to enforce an anti-strike ordinance. Namboodiripad, who is also a national leader of the Left Communists, has charged New Delhi with violating the constitution.

The issue brings into sharp focus the entire question of state versus central government relations. Such unauthorized use of the central police is unprecedented, and a strong central government in New Delhi could find it a useful tool in dealing with recalcitrant state regimes--especially those controlled by opposition parties. Central government departments are active on a large scale in every state, and, if the Kerala precedent holds, New Delhi could use its security forces much more extensively.

Police excesses in coping with demonstrations in New Delhi also have stirred up considerable controversy. The government, however, is trying to show fairness as well as firmness by punishing both strikers and police involved in the violence. Official sympathy has been expressed for all innocent people who were attacked by the police, and compensation is to be paid those injured.

The government reportedly plans to maintain for the next several weeks a very hard line in dealing with the strikers. Large-scale recruitment is already under way to replace thousands of discharged and suspended employees. New Delhi is expected to

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grant selective clemency to rank-and-file employees
who were only in technical violation of the strike
ban. In this way New Delhi hopes to combat a
threatened coalition of left and right opposition
attempting to renew the disturbances. 25X1

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Nepal: King Mahendra recently appointed a new Council of Ministers and reshuffled portfolios, but significant policy changes are unlikely.

The periodic juggling of politicians and portfolios is one of Mahendra's characteristic devices to balance off various personalities and prevent consolidation of opposition. The new cabinet has been reduced from 22 to 14 members, including four new appointees. Most of the incumbents received portfolio reassessments.

S.B. Thapa was reappointed prime minister and promoted to chairman of the cabinet, a post formerly held by the King. The move to strengthen Thapa's position is viewed as a strong vote of confidence from the King and indicates that Thapa's satisfactory performance does not represent a challenge to Mahendra's absolute authority. It does, however, greatly augment Thapa's political vulnerability if he fails to achieve results with his increased power. Thapa tends to favor progressive measures in Nepal's plodding domestic development and recently scored over conservative landowner interests by successfully supporting land reform legislation.

Former Deputy Prime Minister K.N. Bista lost his cabinet post but retains ministerial rank. He now heads the Nepalese delegation to the UN, where Nepal anticipates election to the Security Council this year. Bista had resisted plans for liberalization of Nepal's domestic politics, and his removal is viewed as a favorable omen by those advocating a reconciliation between the government and the reformist Nepali Congress Party, the opposition group whose leaders are exiled in India. [redacted]

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Communist China: The drive to reimpose control over militant Red Guard groups is assuming massive proportions. University and middle school graduates by the hundreds of thousands are being rounded up and dispatched to the countryside to army-run state farms. According to Hong Kong Communist newspapers, more than 200,000 graduates have been sent from the city of Peking alone. Although many students are going to well-established farms in remote border regions, others seem at least initially to be destined for hastily constructed detention camps in suburban areas.

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Nigeria: Biafran leader Ojukwu still seems determined to carry on the war. He told an assembly of Ibo representatives on 25 September that "the war is far from ending. In fact, it is just beginning." Ojukwu also intimated that even if conventional warfare ceased, stepped-up guerrilla war would continue. Biafran forces in fact have again taken a much fought over town in southeastern Biafra and are only very grudgingly giving ground to increased federal pressure all around the gradually shrinking Ibo homeland. Continued federal successes however, together with peace feelers by prominent Biafrans, could undermine Ojukwu.

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Congo (Brazzaville): Plotting aimed at bringing about a complete military take-over is reported to be gaining momentum.

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[redacted] army strongman Ngouabi would like to dissolve his alliance with civilian leftists, but remains fearful of a violent reaction by leftist irregulars. At the same time, there is reported to be growing unrest among some elements within the army against Ngouabi himself. These elements resent the recent promotions of a disproportionate number of Ngouabi's fellow northern officers and his failure to produce an across-the board pay raise for the military.

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Portugal: Marcelo Caetano, the new prime minister, appears likely to carry on Salazar's internal and foreign policies for the present. At his swearing-in ceremony yesterday he pledged to continue the stricken leader's program, and praised the armed forces for their defense against the "insidious enemy" in the African overseas provinces. His cabinet retains most of the key ministers, and the few newcomers are mostly professional people who will bring needed energy to the administration. An important test for the new team will be its ability to take steps to modernize the internal political and economic administration.

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Argentina: Four thousand oil workers at the state-owned refinery at La Plata struck on 25 September to protest the refinery's decision to add two hours to the six-hour work day that has been in effect for about 20 years. The strike has so far been peaceful, but the workers, members of a militant Peronist union, are incensed over what they regard as a drastic unilateral revision of their collective bargaining agreement. The situation in La Plata could become further complicated as university students there have also called for a strike to protest student expulsions.

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Honduras: The Lopez government has broken the general strike called on 19 September. Sporadic student agitation continues in the capital, but planned student demonstrations are unlikely to have any impact. Although the government has reaffirmed its support of labor union rights, the past week's events are likely to deepen opposition hostility toward the government.

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The United States Intelligence Board, on 27 September 1968, approved the following National Intelligence Estimate:

NIE 65-68, "Prospects for the Congo"

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